



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of Environmental Quality

Amanda Smith
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board

Paul Hansen, P.E., *Chair*
Ken Bassett, *Vice-Chair*
Terry Beebe
Russell Donoghue
Daniel Fleming
Tage Flint
Heather Jackson
Betty Naylor
Amanda Smith
David Stevens, Ph.D.
James Webb
Kenneth H. Bousfield, P.E.
Executive Secretary

MINUTES OF THE DRINKING WATER BOARD MEETING HELD ON JULY 13, 2011 IN SALT LAKE CITY, UTAH

Board Members Present

Paul Hansen, Chairman
Ken Bassett, Vice Chairman
Terry Beebe
Russell Donoghue
Tage Flint
Heather Jackson
Betty Naylor
David Stevens, Ph.D.

Board Members Excused

Danny Fleming
Jim Webb
Amanda Smith

STAFF

Ken Bousfield
Rich Peterson
Sandy Pett
J.J. Trussell
Nathan Hall
Linda Matulich
Sandy Pett
Kate Johnson
Bob Hart
Jim Martin
Michael Grange

Guests

Dale Pierson, Rural Water Association
Gary Allen, Goaslind Spring Water Works
Lars J. Powell, Cedar City
Charles Skewes, Horrocks Engineers
Jeremy Jensen, Goaslind Spring Water Works
Robert Worley, Sunrise Engineering
Randy Preece, Goaslind Spring Water Works
Roger Francom, U.S. Magnesium
Bill Ford, Elberta Water Company
Dale Pierson, Rural Water Association
Sue White, Summit County Service Area #3
Orvil White, Summit County Service Area #3
Ben Miner, Hansen, Allen & Luce, Inc.
Sarah Young, PSOMAS
J. Alton Veibell, Willow Creek Water Co.
Steven Taylor, Willow Creek Water Co.
Eric Dursteler, Willow Creek Water Co.
Ted Mickelsen, PSOMAS
Greg Warner, Lake Rockport Estates
Shawn Gonzales, Salt Lake Valley HD
Brent Ventura, Willow Creek Water Co.
John Field, Wooden Shoe Water Company
Joe Santos, EPIC Engineering, Wooden Shoe WC

STAFF Continued

Jesse Johnson
Julie Cobleigh

ITEM NO. 1 – CALL TO ORDER

The Drinking Water Board convened at 1:00 p.m. in Salt Lake City, Utah with Chairman Hansen presiding.

ITEM NO. 2 – ROLL CALL

Chairman Hansen mentioned that Danny Fleming, Amanda Smith, and Jim Webb asked to be excused.

Chairman Hansen asked Ken Bousfield to call roll of the Drinking Water Board Members.

The roll call showed that a quorum of 8 members were present.

ITEM NO. 3 – INTRODUCTIONS

Chairman Hansen welcomed the guests, and asked them to introduce themselves.

ITEM NO. 4 – APPROVAL OF THE MINUTES OF MAY 11, 2012

Chairman Hansen stated a motion was in order to approve the Drinking Water Board minutes of May 11, 2012.

Betty Naylor moved the Drinking Water Board approve the minutes with one correction; on page 5 under: d) Leeds Domestic Water Users Association, at the end of the second line it reads: “equip the new well on that”, and it should read: “equip the new well that”.

Ken Bassett seconded.

**CARRIED
(Unanimous)**

ITEM NO. 5 – FINANCIAL ASSISTANCE COMMITTEE REPORT

1) Status Report

Michael Grange reported as of the end of May 2012, the State fund has \$2,000,000 left in the fund. We expect annual sales tax revenue of \$3.5 million this next year, less the State match for the Federal Fund. We will receive a repayment stream in January through June 1, 2013.

Michael mentioned that we have a number of Federal SRF Projects that are preparing for loan closing. If these projects were to close right away, the Federal fund would be \$5,000,000 in the red. We do have income streams flowing into that fund. Our main one will be our 2012 Capitalization Grant of \$6.5 million. The State Match of \$1.8 million that was mentioned in regard to the State fund as well as Repayment Streams through June 1, 2013. In the Federal loan, we expect to have \$11,000,000 that will be available. The next page down shows projects that have been authorized, but have not yet closed. We have a number of specific projects out there preparing for closure.

Michael Grange mentioned that since the last Drinking Water Board meeting in May, staff has closed 4 loans; Mountain Regional Water for \$1.278 million, Uintah lands for \$677,000, Nordic Mountain for \$535,000, and Kane County-Zion \$1.4 million. Since the last Drinking Water Board meeting, staff has authorized a \$38,000 planning advance to Gunnison City.

Michael Grange mentioned he would like to start reporting on the construction projects as they are completed and closed out. That way the Drinking Water Board will know what the status is on the projects. Construction has been completed, operating permits have been issued and all of the paperwork for a number of projects that were authorized in from April 2009 through October 2010. Mountain Regional, Ticaboo, Beaver City, Washington County, Cannonville, Corinne, Park City, and Ferron have all completed their projects and have moved on.

2) Project Priority List

Michael Grange reported that four projects have been added to the Project Priority List:

- a) Wooden Shoe Water Company with 75.8 points. Their project consists of a new well, well house and a tank.
- b) Lake Rockport Estates with 36.7 points. Their project consists of a new storage tank.
- c) Elberta Water Company with 29.5 points. Their project consists of equipping a well and a transmission line.
- d) Willow Creek Water Company with 10.3 points. Their project consists of a new well.

Michael Grange mentioned the Financial Assistance Committee has approved the updated Project Priority List. The Financial Assistance Committee is requesting that the Drinking Water Board approve the Project Priority list.

David Stevens moved the Drinking Water Board approve the Project Priority List.

Heather Jackson seconded.

**CARRIED
(Unanimous)**

3) SRF Applications

FEDERAL FUNDS

- a) Lake Rockport Estates – Nathan Hall

Nathan Hall reported Lake Rockport Estates is requesting \$404,000 in financial assistance to construct a new 365,000 gallon water tank. Total water system improvement costs are estimated to be \$504,000 and Lake Rockport is contribution \$100,000 to the project.

Lake Rockport Estates is a second home subdivision with a total of 340 lots. Of their 156 lots that are currently metered, 98 are developed with a structure on the property. The water system is owned and operated by the Home Owners Association.

The Drinking Water Board has established a policy that all 2nd home developments authorized for SRF funding will be charged an interest rate no less than 90% of the index rate. For the evaluation, the calculated interest rate is 4.26%.

Greg Warner and Ted Nickelson, representing Lake Rockport Estates, were available for any questions or concerns of the Drinking Water Board.

Discussion followed.

Dave Stevens moved the Drinking Water Board authorize a \$404,000 construction loan at 4.26% interest for 20 years to Lake Rockport Estates. Lake Rockport Estates must resolve any and all issues on their compliance report.

Russ Donoghue seconded.

**CARRIED
(Unanimous)**

b) Elberta Water Company – Rich Peterson

Rich Peterson addressed the Drinking Water Board. Rich Peterson reported that the Elberta Water Company has an Arsenic blending project that they need to do. They also have some upgrades that they need to do to their distribution system. The cost of the project is \$616,200, or a combined total for both projects of \$1,640,535.

The applicant requested that both options be considered as separate funding scenarios, in case the combined repayment is too expensive. They scored 29.5 points on the Project Priority list. Their local MAGI is 72% of the State's MAGI.

Rich Peterson reviewed the monthly ERC over the life of the loan with a chart for both funding requests that are listed in the packet. Staff has developed a graduated repayment schedule. This will also help keep payments down over the years. But it will require them to increase their rates accordingly.

Rich Peterson mentioned the Drinking Water Board authorized a planning loan of \$18,000 to study their arsenic contamination at the September 2008 Drinking Water Board meeting.

Rich Peterson mentioned that the Financial Assistance Committee is recommended that the Drinking Water Board authorize \$634,200 in funding to Elberta Water Company for an Arsenic blending project, where the repayable loan amount would be \$505,000 at 0% for 30 years with \$129,000 in principal forgiveness. The \$18,000 planning loan is included in the total amount. Conditions include that they resolve all issues on their compliance report and work out

the details of the neighborhood system supplying water to the water company. As an optional authorization, a funding package of \$1,658,535 for both the Arsenic blending and distribution system upgrades. The repayment loan amount would be \$1,319,000 at 0% interest for 30 years with \$339,535 in principal forgiveness.

Robert Worley, Sunrise Engineering and Bill Ford, representing Elberta Water Company, addressed the Drinking Water Board. They were available to answer any questions from the Drinking Water Board.

Discussion followed.

Paul Hansen moved the Drinking Water Board authorize Assistance Scenario B package of **up to \$1,658,535 for both the Arsenic blending and distribution system upgrades. The repayable loan amount would be \$1,319,000 at 0% interest for 30 years with \$339,535 in principal forgiveness, with the condition that should the water system not be able to fund the entire project that you can reduce the scope down to Scenario A. It is my recommendation that if the scope does change to where it is lower than Scenario A, it would require further discussion to make sure we have a viable project. An added condition to this package will be for the water system to resolve any outstanding issues, and making sure that the documentation is clear on the compliance report. The \$18,000 planning loan is included in the total amount.**

Heather Jackson requested adding the wording: “up to**” before the loan amount in the second line, as stated above.**

Paul amended his motion to include the wording: “up to**” before the loan amount in the second line, as shown above.**

Betty Naylor seconded.

**CARRIED
(Unanimous)**

c) Summit County Service Area #3 – Julie Cobleigh

Julie Cobleigh reported Summit County Service Area #3 is requesting financial assistance in the amount of \$70,000 to install a booster pump station to provide adequate pressure to three homes. The total project cost is estimated to be \$70,500 and they will contribute \$500 towards the project. The project scored 15.3 points on the Project Priority List.

Summit County Service Area #3 has entered into a Compliance Agreement/Enforcement Order with the Division to resolve a significant physical deficiency identified during their 2011 sanitary survey as failure to provide adequate PRESSURE TO ALL CONNECTIONS. The water system has until May 2013 to construct a project to resolve this deficiency and receive an operating permit. The local MAGI is \$46,845 which is 127% of the average State MAGI of \$36,896.

Julie Cobleigh reviewed 3 funding options with the Drinking Water Board.

Ben Miner, Hansen, Allen & Luce, Inc., Orvil White and Sue White, Summit County Service Area #3 representatives, were available to address the Drinking Water Board and answer any questions from the Drinking Water Board.

Sue White, representative, addressed the Drinking Water Board. Sue White requested that the Drinking Water Board approve a funding package of \$70,000 with \$14,000 in principal forgiveness.

Ken Bassett mentioned there is very little difference between the funding scenario's that are being requested.

Discussion followed.

Betty Naylor moved the Drinking Water Board authorize a \$70,000 construction loan to Summit County Service Area #3 at 1.91% interest for 20 years.

Terry Beebe seconded.

**CARRIED
(Unanimous)**

Betty Naylor mentioned on page 65 that if that becomes the permanent record, then it will have to be modified to have the funding source at the bottom of the page and the funding grant taken out.

d) Wooden Shoe Water Company – Julie Cobleigh

Julie Cobleigh reported that the Wooden Shoe Water Company is requesting \$201,000 in financial assistance to develop a new culinary well and well house and construct a new 20,000 gallon water storage tank. The project scored 75.8 points on the Project Priority List. EPA has issued an Administrative Order against the Wooden Shoe Water Company. Wooden Shoe currently has 325 IPS points against the system and is rated "Not Approve". The significant deficiencies that have been identified against the system are that they lack a storage facility, they fail to provide adequate pressure to all of their connections and their spring facility has been determined to be under the direct influence of surface water. The project scope will resolve these deficiencies and comply with EPA's Administrative Order. Julie reviewed the funding scenarios.

Julie Cobleigh mentioned the Financial Assistance Committee is recommending a \$201,000 construction loan for 30 years at 1.00% interest.

Joe Santos, EPIC Engineering, and John Field, representative for Wooden Shoe Water Company, were available to answer any questions from the Drinking Water Board.

Russ Donoghue moved the Drinking Water Board authorize a \$201,000 at 1% for 30 years.

Heather Jackson seconded that the Drinking Water Board

**CARRIED
(Unanimous)**

e) Goasland Spring Water Works Company – Julie Cobleigh

Julie Cobleigh reported that Goasland Spring Water Works Company is requesting \$378,000 in financial assistance to rehabilitate their spring, replace 6,900 feet of old, leaking waterline, construct a new 50,000 gallon storage tank and install a pump station and chlorination building. The total project cost is \$378,000 and they would like the planning loan of \$25,000 previously authorized to be rolled in to the new construction loan, bringing the total request to \$393,000. The project scored 19.1 points on the Project Priority List. The local MAGI of \$43,097 is approximately 118% of the State's MAGI. Their water bill is \$66.40 per month.

Jeremy Jensen, Sunrise Engineering, Gary Allen, Director and Randy Preece, President, Goasland Spring Water Works Company, were available to answer any questions from the Drinking Water Board.

Randy Preece and Gary Allen addressed the Drinking Water Board. Goasland Spring Water Works Company has a 17,000 gallon water reservoir that was built in 1942. The problem Goasland Water Works Company has with the reservoir is that the cap on the reservoir is deteriorating. Some of the homes lack any water pressure coming into their homes.

Discussion Followed.

Terry Beebe moved the Drinking Water Board authorize a \$378,000 construction loan to Goasland Spring Water Works Company at 0% interest for 30 years with \$59,000 in principal forgiveness, with the option to roll the balance of their \$15,000 planning loan at 0%, into the construction loan.

Tage Flint seconded.

**CARRIED
(Unanimous)**

f) Willow Creek Water Company – Jesse Johnson

Jesse Johnson reported that Willow Creek Water Company is requesting \$225,000 in funding to complete construction of a new well that will be used to blend with their existing well that is high in arsenic. A test well was drilled as a result of a planning grant authorized by the Drinking Water Board to do a study on alternate sources of water. This funding will convert the test well into a permanent source of water. This project was given a priority rating of 14.4.

Willow Creek Water Company has a local MAGI of \$43,258 which is approximately 121% of the State's MAGI. Their current water bill is about \$36.32 a month, which is 1.01% of the MAGI. Many of the water system's expenses are covered by donations and impact fees, resulting in their water bills being so low. The post-construction average water bill is projected to be \$103.14 or 2.6% of the MAGI. Therefore, the water system qualifies to be considered for principal forgiveness.

Steven Taylor, Eric Dursteler, J. Alton Veibell, representatives of Willow Creek Water Company, was available to answer any questions from the Drinking Water Board.

Discussion followed.

Betty Naylor moved the Drinking Water Board authorize a \$225,000 construction loan representing Option # 3 with 0% for 30 years with the annual rate of 0% interest, and that the Willow Creek Water Company must resolve any issues they may have on their compliance report.

Heather Jackson seconded.

**CARRIED
(Unanimous)**

g) Cedar View Montwell SSD – Jesse Johnson

Jesse Johnson reported that at the March 2012 Drinking Water Board meeting, Cedarview-Montwell Special Service District (SSD) was awarded \$2,660,000 in financial assistance to construct approximately 97,000 feet of 8-inch and 12-inch waterlines and two 250,000 gallon storage tanks. This will allow Cedarview Montwell to connect to Roosevelt Town's Water System (PWSS 70004). Due to a limited number of connections, the loan portion of this project result in a water bill (as evaluated by staff) to be \$222.90/month. In an effort to ease the burden, CMSSD is requesting that the loan repayment schedule be restructured to have smaller payments early in the loan with the balloon payments towards the end. The proposed repayment schedule is attached as well as the original evaluation for comparison.

Charles Skewes, Horrocks Engineers, and Lars Powell, Director of Cedarview-Montwell SSD, addressed the Drinking Water Board, and were also available to answer any questions from the Drinking Water Board.

Discussion followed.

Ken Bassett mentioned that the Drinking Water Board has looked at this application at a couple of other Drinking Water Board meetings, and discussed the loan amount and the ensuing amount of the water bills and felt that the 2.43% interest is what was needed.

Ken Bassett asked the Cedarview-Montwell SSD representatives, if they have resolved their issue with the Community Impact Board.

Mr. Powell said they have resolved their issues with the Community Impact Board and this is the last step to take in coming before the Drinking Water Board today.

Tage Flint moved that the Drinking Water Board amend the authorized construction loan of \$2,660,000 at 2.43% interest for 30 years with \$532,000 in principal forgiveness to Cedar View Montwell SSD to allow a graduated repayment schedule as outlined on the spreadsheet.

Russell Donoghue seconded.

**CARRIED
(Unanimous)**

h) Huntsville – Deauthorize – Michael Grange

Michael Grange reported that the Town of Huntsville was authorized a planning loan at the Drinking Water Board meeting on August 31, 2011. The \$45,600 loan was to conduct an engineering study to analyze water rights, storage, source, distribution, and treatment. Since that time, Huntsville Town applied for and was awarded a Multi-Year Community Development Block Grant for \$179,000 to pay for the engineering fees and replace the obsolete filter system at the treatment plant. Huntsville Town has informed the Division that they no longer need the \$45,600 planning loan for Huntsville Town.

Michael Grange reported the Financial Assistance Committee recommends that the Drinking Water Board deauthorize the \$45,600 planning loan to Huntsville.

Paul Hansen moved the Drinking Water Board deauthorize the \$45,600 planning loan to Huntsville Town.

Heather Jackson seconded.

**CARRIED
(Unanimous)**

i) Delta City/Sherwood Water – Michael Grange

Michael Grange reported that at the May 11, 2012 the Drinking Water Board meeting (originally authorized in August 2011) the Drinking Water Board authorized a reallocation of construction funding from Sherwood Water Company to an as-yet-to-be established water improvement or special service district to be formed by Delta City to take over the functions of the Sherwood Water Company, oversee the water system improvement construction project and manage future water system needs. The Drinking Water Board's motion included an increase in funding from \$1,075,000 to \$1,751,000 to accommodate purchasing the assets of the Sherwood Water Company and an increase in project costs to cover added infrastructure construction. The Drinking Water Board's funding authorization was specifically contingent on Delta City forming the improvement district.

Michael Grange mentioned that Delta City approached staff again and asked to have the May 11, 2012 authorization amended to award the construction funding from a future water improvement district to be formed by Delta City to Delta City itself for completion of water system improvements in the Sherwood Shores area located approximately 2 miles west of Delta City. All terms, conditions, and requirements of the original August 2011 authorization and/or relocation and/or the May 2012 Reallocation shall remain in effect.

Discussion followed.

Heather Jackson moved the Drinking Water Board authorize modifying the May 11, 2012 reallocation of construction funding from an award to a future improvement district to be formed by Delta City to Delta City itself for completion of water system improvements in the Sherwood Shores area located approximately 2 miles west of Delta City. All terms, conditions and requirements of the original August 2011 authorization and/or the May 2012 reallocation shall remain in effect, and also that the Drinking Water Board require that any ordinances need to be put in place for Delta City to be able to serve water to areas that are outside of their city limits be taken care of prior to closing their loan.

Russell Donoghue seconded.

**CARRIED
(Unanimous)**

4) Other Business – Michael Grange

No other business.

ITEM NO. 6 – PROPOSED RULE CHANGES REGARDING SEWER LINES IN SOURCE PROTECTION ZONES

a. Well Construction Rule R309-515-6(4) – Bob Hart

Bob Hart reported in an Executive Order last year, the Governor stated that during Rulemaking the fiscal and non-fiscal impacts to the state budget local government, small businesses, other identities, or persons, and the compliance costs for the affected persons should be presented to the Board as part of the approval processes.

Jim and I have both looked at this rule. We didn't see any significant costs or impacts with this rule change. The only thing that I saw in this is the added requirement, that if you have added a sewer line trench going through the source protection zone, that you put in the trench, a cut off wall so that if you have any leaking in the sewer line that it won't follow the trench in to the source protection zone. We are guessing that this would cost under \$500.00, which is minimal.

Discussion followed.

Betty Naylor made a correction to the Rule R309-515-6 Ground Water – Wells. On page 134 on the 5th line down it needs to have the word “**be**” inserted toward the end of that line. It now reads: (d) the sewer pipe to the manhole connections **shall made** using a shop

It needs to read: (d) the sewer pipe to the manhole connections **shall be made** using a shop.

b. Source Protection Rule (R309-600-13(3) – Jim Martin

Jim Martin reported that the Source Protection Rule refers to the engineering Rules. Staff has received some input from the public and the Division of Water Quality. They were concerned about how we justified restricting or managing sewers within the source protection zones. I wasn’t part of developing that rule when it was done originally. But it appears as if they have used the logic of septic systems on sewer lines. It is really not justifiable, because sewer lines are very different than septic systems. In discussions with the Division of Water Quality, and review of how other states have dealt with sewers in source protection zones we came up with a modification of the rule. It’s more justifiable. There is documentation backing what we are actually doing. And in conjunction with the change in R309-600-13-3, which refers to the engineering rules, we also worked with the Division of Water Quality to tighten up the construction requirements within the source protection zones, so that they meet more closely and make more sense relative to the construction of sewers.

Ken Bassett moved the Drinking Water Board authorize staff to start the rulemaking process, and file the proposed rule amendments for publication in the Utah Bulletin.

David Stevens seconded.

**CARRIED
(Unanimous)**

ITEM NO. 8 – RURAL WATER ASSOCIATION OF UTAH’S REPORT

Dale Pierson updated the Drinking Water Board on the Rural Water’s activities in helping out the residents who have been affected by the fires this summer. Rural Water has been looking for emergency generators for water systems where power has had to be turned off. Evacuations have been a large concern. There were quite a few different areas that we were able to help out with. There will be some emergency funding needs for the communities that have had losses on their water systems.

Dale Pierson mentioned that Rural Water will be having their first training for water systems on Private Non-Profit Water Systems next week.

ITEM NO. 9 – CHAIRMAN’S REPORT

Chairman Hansen mentioned that there is a Drinking Water Board Roster for each Board member to review their own information. If there are any changes, please let Linda know so she can update the roster.

ITEM NO. 10 – DIRECTORS REPORT

a) New DDW Staff

Rules Section:

Ken Bousfield mentioned J.J. Trussell was moved up in to a new position in the Rules Section as an Environmental Scientist. This left his old position open.

Jennifer Yee applied for and was hired to take J.J.'s old position of an Environmental Program Coordinator.

Engineering Section:

Ken Bousfield mentioned there are 2 Env. Engineers that are both on indefinite leave: One is on medical leave and the other one is on military leave.

A temporary Environmental Engineer will be starting on July 23, 2012.

ITEM NO. 11 – NEXT BOARD MEETING

Chairman Hansen reported the next Drinking Water Board meeting would be held on August, 28, 2012 at 1:00 p.m. in Salt Lake City, Utah.

ITEM NO. 12 – OTHER

No other business.

ITEM NO. 13 – ADJOURN

Chairman Hansen stated a motion to adjourn the Drinking Water Board meeting was in order.

Russ Donoghue moved to adjourn the Drinking Water Board meeting at 2:55 p.m.

Betty Naylor seconded.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary